

STATE OF MICHIGAN
DESCRIPTIONS OF COMPONENT UNITS – GOVERNMENTAL AND TRUST
FISCAL YEAR ENDED SEPTEMBER 30, 2000

MACKINAC BRIDGE AUTHORITY

The Mackinac Bridge Authority (MBA) was created by P.A. 21 of 1950. Public Act 214 of 1952, as amended, empowered MBA to construct and operate a bridge between the lower peninsula of Michigan and the upper peninsula. Financing for the operation and maintenance of the bridge is provided by fares and earnings on investments. State statutes require that MBA continue charging bridge tolls and repay State funds for all the subsidies provided in prior years. MBA has not recorded a liability and the State funds have not recorded receivables for the subsidies because the reimbursements are contingent upon future net revenues and the repayment commitment is long-term and budgetary in nature. When repayments are made, they are reported as operating transfers to the primary government.

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

Public Act 295 of 1969, as amended, authorized the creation of the Michigan Higher Education Facilities Authority (MHEFA) for the purpose of assisting private nonprofit institutions of higher education in financing their facilities. MHEFA consists of an eleven member commission, nine of whom are appointed by the Governor with the advice and consent of the Senate and two of whom are ex officio (the Superintendent of Public Instruction and Director of the Department of Management and Budget). Financing for capital improvements is provided by issuance of limited obligation revenue bonds, which are not recorded as liabilities of MHEFA. MHEFA's administrative operations, which are reflected in these statements, are financed by fees.

MICHIGAN STRATEGIC FUND

The Michigan Strategic Fund (MSF) is a public body corporation and politic created by P.A. 270 of 1984 to help diversify the economy of the State and to provide for economic development, primarily by assisting business enterprises to obtain additional sources of financing. Executive Order 1999-1, as amended, transferred all of the economic development functions of the former Department of Commerce and the Michigan Jobs Commission to MSF. The order further placed MSF as an autonomous entity in the Department of Management and Budget. MSF is governed by a board of nine members, consisting of the Directors of the State Departments of Consumer and Industry Services and Treasury plus seven members appointed by the Governor with the advice and consent of the Senate. Prior to the 1998-99 fiscal year, this fund had been reported as a proprietary component unit.

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY

The Michigan Higher Education Assistance Authority (MHEAA) was created by the Legislature through P.A. 77 of 1960, as amended. It is governed by a 16 member board, each member being appointed by the Governor with the advice and consent of the Senate. MHEAA is empowered to guarantee 100% of principal and interest on loans to persons (or their parents) attending eligible post-secondary educational institutions in Michigan. The federal government reimburses MHEAA for losses on purchased loans at varying percentages depending upon rates of defaults. Revenues consist of recovery of loan losses, federal reimbursement, loan guarantee fees, and investment income. MHEAA utilizes a trust and a proprietary fund. The trust fund accounts for the assets and earnings that are property of the federal government under the Higher Education Amendments of 1998. The proprietary fund accounts for the property of MHEAA.